

**ASSEMBLY BILL**

**No. 557**

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**Introduced by Assembly Member Irwin**

February 23, 2015

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An act to amend Sections 2117, 6210, and 8210 of, and to add Sections 5008.9, 6610.5, 8610.5, and 9680.5 to, the Corporations Code, and to add Sections 19548.1 and 23156 to the Revenue and Taxation Code, relating to nonprofit corporations.

LEGISLATIVE COUNSEL'S DIGEST

AB 557, as introduced, Irwin. Nonprofit corporations: abatement: dissolution: surrender.

The Nonprofit Corporation Law, among other things, generally regulates the organization and operation of nonprofit public benefit corporations, nonprofit mutual benefit corporations, and nonprofit religious corporations.

(1) Within a specified period of time after the filing of its original articles of incorporation and biennially thereafter, existing law requires nonprofit public benefit corporations, nonprofit mutual benefit corporations, and nonprofit religious corporations to file a statement, known as a Statement of Information, with the Secretary of State containing specified information including the street address of its principal office and its mailing address. Within a specified period of time after filing its original statement and designation and annually thereafter, existing law, the General Corporation Law, requires every foreign corporation, including foreign nonprofit corporations, as specified, to file a statement, known as a Statement of Information, with the Secretary of State containing specified information, including the street address of its principal executive office and its mailing address.

This bill would authorize the Secretary of State to also obtain address information from the Franchise Tax Board to use in providing notices to a foreign corporation, including these foreign nonprofit corporations. This bill would specifically authorize the Franchise Tax Board to disclose this information.

(2) Existing law authorizes the corporate powers, rights, and privileges of a domestic taxpayer to be suspended, and the exercise of the corporate powers, rights, and privileges of a foreign taxpayer in this state to be forfeited, if certain tax liabilities are not paid or a taxpayer fails to file a tax return. Existing law also authorizes the corporate powers, rights, and privileges of a domestic corporation exempt from income tax to be suspended and the exercise of the corporate powers, rights, and privileges of a foreign corporation in this state exempt from income tax to be forfeited if the organization fails to file the annual information return or a specified statement for organizations not required to file the information return or pay a specified amount due. Existing law requires notice prior to the suspension or forfeiture of a taxpayer's corporate powers, rights, and privileges. Existing law requires the Franchise Tax Board to transmit to the Secretary of State the names of those taxpayers subject to these suspension or forfeiture provisions and thereby makes the suspension or forfeiture effective. Under existing law, the Secretary of State's certificate is prima facie evidence of the suspension or forfeiture.

Under existing law, a corporation that fails to file a Statement of Information with the Secretary of State within a specified time period and was certified for penalty is subject to suspension rather than penalty. Existing law requires the Secretary of State to provide a notice to the nonprofit corporation informing it that its corporate powers, rights, and privileges will be suspended within a specified time period if the Statement of Information is not filed. If the nonprofit corporation does not file the Statement of Information, existing law requires the Secretary of State to notify the Franchise Tax Board and the nonprofit corporation of the suspension and upon that notification the corporate powers, rights, and privileges of the nonprofit corporation are suspended.

This bill would make a nonprofit public benefit corporation, a nonprofit mutual benefit corporation, a nonprofit religious corporation, and a foreign nonprofit corporation, subject to administrative dissolution or administrative surrender, as specified, if the nonprofit corporation's corporate powers are, and have been, suspended or forfeited by the Franchise Tax Board for a specified period of time or if the nonprofit

corporation has not filed a Statement of Information with the Secretary of State for a specified period of time. Prior to the administrative dissolution or administrative surrender of the nonprofit corporation, the bill would require either the Franchise Tax Board or the Secretary of State to provide notice to the nonprofit corporation of the pending administrative dissolution or administrative surrender. The bill would also require the Secretary of State to provide notice of the pending administrative dissolution or administrative surrender on its Internet Web site, as specified. The bill would authorize a nonprofit corporation to provide the Franchise Tax Board or the Secretary of State with a written objection to the administrative dissolution or administrative surrender. If there is no written objection or the written objection fails, the bill would require the nonprofit corporation to be administratively dissolved or administratively surrendered and would provide that the certificate of the Secretary of State is prima facie evidence of the administrative dissolution or administrative surrender. Upon administrative dissolution or administrative surrender, the bill would abate the nonprofit corporation's liabilities for qualified taxes, interest, and penalties, as provided.

(3) Existing law, the Nonprofit Corporation Law, authorizes a nonprofit public benefit corporation, nonprofit mutual benefit corporation, and nonprofit religious corporation to elect voluntarily to wind up and dissolve by either approval of a majority of all members or approval of the board and approval of the members. Under existing law, the General Corporation Law, when a corporation has not issued shares, a majority of the directors, or, if no directors have been named in the articles or have been elected, the incorporator or a majority of the incorporators, are authorized to sign and verify a specified certificate of dissolution. Existing law requires the certificate to be filed with the Secretary of State and requires the Secretary of State to notify the Franchise Tax Board of the dissolution. Existing law provides that, upon the filing of the certificate, a corporation is dissolved and its powers, rights, and privileges cease.

This bill would enact provisions similar to those General Corporation Law provisions and make them applicable to nonprofit public benefit corporations, nonprofit mutual benefit corporations, and nonprofit religious corporations. The bill would additionally provide that liability to creditors, if any, is not discharged, the liability of the directors of the dissolved nonprofit corporation is not discharged, and the dissolution

of a nonprofit corporation does not diminish or adversely affect the ability of the Attorney General to enforce specified liabilities.

(4) Existing law requires every corporation doing business within the limits of this state and not expressly exempted from taxation to annually pay to the state, for the privilege of exercising its corporate franchises within this state, a tax according to or measured by its net income, as specified. Under existing law, every corporation, except as specified, is subject to the minimum franchise tax until the effective date of dissolution or withdrawal or, if later, the date the corporation ceases to do business within the limits of this state. Upon certification by the Secretary of State that a nonprofit public benefit corporation or a nonprofit mutual benefit corporation has failed to file the required Statement of Information, existing law requires the Franchise Tax Board to assess a specified penalty.

This bill would require the Franchise Tax Board to abate, upon written request by a qualified nonprofit corporation, as defined, unpaid qualified taxes, interest, and penalties, as defined, for the taxable years in which the nonprofit corporation certifies, under penalty of perjury, that it was not doing business, as defined. The bill would make this abatement conditioned on the dissolution of the qualified corporation within a specified period of time of filing the request for abatement. The bill would require the Franchise Tax Board to prescribe rules and regulations to carry out these abatement provisions and would exempt these rules and regulations from the Administrative Procedure Act.

(5) Existing state constitutional law prohibits the Legislature from making any gift, or authorizing the making of any gift, of any public money or thing of value to any individual, municipal, or other corporation.

This bill would make certain legislative findings and declarations that abatement of a nonprofit corporation's liabilities for specified taxes, penalties, and interest serves a statewide public purpose, as provided.

(6) By expanding the crime of perjury, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1     SECTION 1. The Legislature finds and declares all of the  
2 following:

3     (a) There are more than 150,000 nonprofit corporations in  
4 California that provide a variety of programs and services in areas  
5 as diverse as education, recreation, health care, legal, job training,  
6 and housing to millions of Californians. These organizations,  
7 depending on their formation status, are required to register with  
8 the office of the Secretary of State, the Franchise Tax Board, and  
9 the office of the Attorney General.

10    (b) Every year, hundreds of nonprofit corporations seek  
11 administrative changes to expand their mission or alter their tax  
12 status, and, in some cases, to even go out of existence. This  
13 dissolution process, which involves the winding down of the  
14 nonprofit corporation's affairs, is very cumbersome and protracted.

15    (c) In order to more effectively analyze and monitor the status,  
16 finances, and activities of a nonprofit corporation, it is in the  
17 public's interest to establish a streamlined process to efficiently  
18 dissolve a nonprofit corporation. The act of dissolving the nonprofit  
19 corporation and abating unpaid taxes, interest, and penalties serves  
20 a statewide public purpose by ensuring that nonprofit corporations  
21 that have been suspended or forfeited tax exempt status are no  
22 longer able to do business in the state, which will relieve the  
23 citizens of California from unknowingly donating to a nonprofit  
24 corporation that is not complying with the laws of the state, and  
25 does not constitute a gift of public funds within the meaning of  
26 Section 6 of Article XVI of the California Constitution.

27     SEC. 2. Section 2117 of the Corporations Code is amended to  
28 read:

29     2117. (a) Every foreign corporation (other than a foreign  
30 association) qualified to transact intrastate business shall file,  
31 within 90 days after the filing of its original statement and  
32 designation of foreign corporation and annually thereafter during  
33 the applicable filing period, on a form prescribed by the Secretary  
34 of State, a statement containing the following:

35       (1) The name of the corporation as registered in California and  
36 the California Secretary of State's file number.

37       (2) The names and complete business or residence addresses of  
38 its chief executive officer, secretary, and chief financial officer.

1 (3) The street address of its principal executive office.

2 (4) The mailing address of the corporation, if different from the  
3 street address of its principal executive office.

4 (5) The street address of its principal business office in this  
5 state, if any.

6 (6) If the corporation chooses to receive renewal notices and  
7 any other notifications from the Secretary of State by ~~electronic~~  
8 ~~mail~~ *email* instead of by United States mail, the corporation shall  
9 include a valid ~~electronic-mail~~ *email* address for the corporation  
10 or for the corporation's designee to receive those notices.

11 (7) A statement of the general type of business that constitutes  
12 the principal business activity of the corporation (for example,  
13 manufacturer of aircraft; wholesale liquor distributor; or retail  
14 department store).

15 (b) The statement required by subdivision (a) shall also  
16 designate, as the agent of the corporation for the purpose of service  
17 of process, a natural person residing in this state or a corporation  
18 that has complied with Section 1505 and whose capacity to act as  
19 the agent has not terminated. If a natural person is designated, the  
20 statement shall set forth the person's complete business or  
21 residence street address. If a corporate agent is designated, no  
22 address for it shall be set forth.

23 (c) The statement required by subdivision (a) shall be available  
24 and open to the public for inspection. The Secretary of State shall  
25 provide access to all information contained in the statement by  
26 means of an online database.

27 (d) In addition to any other fees required, a foreign corporation  
28 shall pay a five-dollar (\$5) disclosure fee upon filing the statement  
29 required by subdivision (a). One-half of the fee shall,  
30 notwithstanding Section 12176 of the Government Code, be  
31 deposited into the Business Programs Modernization Fund  
32 established in subdivision (k) of Section 1502, and one-half shall  
33 be deposited into the Victims of Corporate Fraud Compensation  
34 Fund established in Section 2280.

35 (e) Whenever any of the information required by subdivision  
36 (a) is changed, the corporation may file a current statement  
37 containing all the information required by subdivisions (a) and  
38 (b). In order to change its agent for service of process or the address  
39 of the agent, the corporation shall file a current statement  
40 containing all the information required by subdivisions (a) and

1 (b). Whenever any statement is filed pursuant to this section, it  
2 supersedes any previously filed statement and the statement in the  
3 filing pursuant to Section 2105.

4 (f) Subdivisions (c), (d), (f), and (g) of Section 1502 apply to  
5 statements filed pursuant to this section, except that “articles” shall  
6 mean the filing pursuant to Section 2105, and “corporation” shall  
7 mean a foreign corporation.

8 (g) *The Secretary of State may obtain address information from*  
9 *the Franchise Tax Board to use to provide notice to a foreign*  
10 *nonprofit corporation, pursuant to Section 19548.1 of the Revenue*  
11 *and Taxation Code.*

12 SEC. 3. Section 5008.9 is added to the Corporations Code, to  
13 read:

14 5008.9. (a) A nonprofit corporation described in Section 5059,  
15 5060, or 5061, or a foreign nonprofit corporation, as described in  
16 Chapter 21 (commencing with Section 2100) of Division 1, that  
17 has qualified to transact intrastate business, shall be subject to  
18 administrative dissolution or administrative surrender in accordance  
19 with this section if, as of January 1, 2016, or later, at least one of  
20 the following applies:

21 (1) The nonprofit corporation’s corporate powers are, and have  
22 been, suspended or forfeited by the Franchise Tax Board for a  
23 period of not less than 48 continuous months.

24 (2) The nonprofit corporation has not filed a Statement of  
25 Information with the Secretary of State, as provided by Section  
26 2117, 6210, 8210, or 9660, for a period of not less than 48  
27 continuous months.

28 (b) Prior to the administrative dissolution or administrative  
29 surrender of the nonprofit corporation, the nonprofit corporation  
30 shall be notified of the pending administrative dissolution or  
31 administrative surrender as follows:

32 (1) The Franchise Tax Board shall mail written notice to the  
33 last known address of a nonprofit corporation meeting the  
34 requirement described in paragraph (1) of subdivision (a).

35 (2) The Secretary of State shall provide a notice to the last  
36 known address of a nonprofit corporation meeting the requirement  
37 described in paragraph (2) of subdivision (a).

38 (3) If the nonprofit corporation does not have a valid address  
39 in the records of the Franchise Tax Board or the Secretary of State,  
40 the notice provided in subdivision (d) shall be deemed sufficient

1 notice prior to administrative dissolution or administrative  
2 surrender.

3 (c) The Franchise Tax Board shall transmit to the Secretary of  
4 State the names of nonprofit corporations subject to the  
5 administrative dissolution or administrative surrender provisions  
6 of this section.

7 (d) The Secretary of State shall provide 60 calendar days' notice  
8 of the pending administrative dissolution or administrative  
9 surrender on its Internet Web site by listing the corporation name,  
10 the Secretary of State's file number, and California corporation  
11 number, as applicable, for the nonprofit corporation.

12 (e) (1) A nonprofit corporation may provide the Franchise Tax  
13 Board or the Secretary of State with a written objection to the  
14 administrative dissolution or administrative surrender.

15 (2) The Franchise Tax Board and the Secretary of State shall  
16 notify each other if a written objection has been received.

17 (f) If no written objection to the administrative dissolution or  
18 administrative surrender is received by the Secretary of State or  
19 the Franchise Tax Board during the 60-day period described in  
20 subdivision (d), the nonprofit corporation shall be administratively  
21 dissolved or administratively surrendered in accordance with this  
22 section. The certificate of the Secretary of State shall be prima  
23 facie evidence of the administrative dissolution or administrative  
24 surrender.

25 (g) (1) If the written objection of a nonprofit corporation to the  
26 administrative dissolution or administrative surrender has been  
27 received by the Franchise Tax Board or the Secretary of State  
28 before the expiration of the 60-day period described in subdivision  
29 (d), that nonprofit corporation shall have an additional 90 days  
30 from the date the written objection is received by the Franchise  
31 Tax Board or the Secretary of State to pay or otherwise satisfy all  
32 accrued taxes, penalties, and interest and to file a current Statement  
33 of Information with the Secretary of State.

34 (2) (A) If the conditions in paragraph (1) are satisfied, the  
35 administrative dissolution or administrative surrender shall be  
36 canceled.

37 (B) If the conditions in paragraph (1) are not satisfied, the  
38 nonprofit corporation shall be administratively dissolved or  
39 administratively surrendered in accordance with this section as of  
40 the date that is 90 days after the receipt of the written objection.



1 (3) The Franchise Tax Board or the Secretary of State may  
2 extend the 90-day period in paragraph (1), but for no more than  
3 one period of 90 days.

4 (h) Upon administrative dissolution or administrative surrender  
5 in accordance with this section, the nonprofit corporation's  
6 liabilities for qualified taxes, interest, and penalties as defined in  
7 Section 23156 of the Revenue and Taxation Code, if any, shall be  
8 abated. Any actions taken by the Franchise Tax Board to collect  
9 that abated liability shall be released, withdrawn, or otherwise  
10 terminated by the Franchise Tax Board, and no subsequent  
11 administrative or civil action shall be taken or brought to collect  
12 all or part of that amount. Any amounts erroneously received by  
13 the Franchise Tax Board in contravention of this section may be  
14 credited and refunded in accordance with Article 1 (commencing  
15 with Section 19301) of Chapter 6 of Part 10.2 of Division 2 of the  
16 Revenue and Taxation Code.

17 (i) If the nonprofit corporation is administratively dissolved or  
18 administratively surrendered under this section, the liability to  
19 creditors, if any, is not discharged. The liability of the directors  
20 of, or other persons related to, the administratively dissolved or  
21 administratively surrendered nonprofit corporation is not  
22 discharged. The administrative dissolution or administrative  
23 surrender of a nonprofit corporation pursuant to this section shall  
24 not diminish or adversely affect the ability of the Attorney General  
25 to enforce liabilities as otherwise provided by law.

26 SEC. 4. Section 6210 of the Corporations Code is amended to  
27 read:

28 6210. (a) Every corporation shall, within 90 days after the  
29 filing of its original articles and biennially thereafter during the  
30 applicable filing period, file, on a form prescribed by the Secretary  
31 of State, a statement containing: (1) the name of the corporation  
32 and the Secretary of State's file number; (2) the names and  
33 complete business or residence addresses of its chief executive  
34 officer, secretary, and chief financial officer; (3) the street address  
35 of its principal office in this state, if any; (4) the mailing address  
36 of the corporation, if different from the street address of its  
37 principal executive office or if the corporation has no principal  
38 office address in this state; and (5) if the corporation chooses to  
39 receive renewal notices and any other notifications from the  
40 Secretary of State by ~~electronic mail~~ *email* instead of by United

1 States mail, a valid~~—electronic mail~~ *email* address for the  
2 corporation or for the corporation's designee to receive those  
3 notices.

4 (b) The statement required by subdivision (a) shall also  
5 designate, as the agent of the corporation for the purpose of service  
6 of process, a natural person residing in this state or any domestic  
7 or foreign or foreign business corporation that has complied with  
8 Section 1505 and whose capacity to act as an agent has not  
9 terminated. If a natural person is designated, the statement shall  
10 set forth the person's complete business or residence street address.  
11 If a corporate agent is designated, no address for it shall be set  
12 forth.

13 (c) For the purposes of this section, the applicable filing period  
14 for a corporation shall be the calendar month during which its  
15 original articles were filed and the immediately preceding five  
16 calendar months. The Secretary of State shall provide a notice to  
17 each corporation to comply with this section approximately three  
18 months prior to the close of the applicable filing period. The notice  
19 shall state the due date for compliance and shall be sent to the last  
20 address of the corporation according to the records of the Secretary  
21 of State or to the last~~—electronic mail~~ *email* address according to  
22 the records of the Secretary of State if the corporation has elected  
23 to receive notices from the Secretary of State by~~—electronic mail~~.  
24 *email*. Neither the failure of the Secretary of State to send the  
25 notice nor the failure of the corporation to receive it is an excuse  
26 for failure to comply with this section.

27 (d) Whenever any of the information required by subdivision  
28 (a) is changed, the corporation may file a current statement  
29 containing all the information required by subdivisions (a) and  
30 (b). In order to change its agent for service of process or the address  
31 of the agent, the corporation must file a current statement  
32 containing all the information required by subdivisions (a) and  
33 (b). Whenever any statement is filed pursuant to this section, it  
34 supersedes any previously filed statement and the statement in the  
35 articles as to the agent for service of process and the address of  
36 the agent.

37 (e) *The Secretary of State may obtain address information from*  
38 *the Franchise Tax Board to use to provide notice to a corporation,*  
39 *pursuant to Section 19548.1 of the Revenue and Taxation Code.*

40 (e)

1 (f) The Secretary of State may destroy or otherwise dispose of  
2 any statement filed pursuant to this section after it has been  
3 superseded by the filing of a new statement.

4 ~~(f)~~

5 (g) This section shall not be construed to place any person  
6 dealing with the corporation on notice of, or under any duty to  
7 inquire about, the existence or content of a statement filed pursuant  
8 to this section.

9 SEC. 5. Section 6610.5 is added to the Corporations Code, to  
10 read:

11 6610.5. (a) Notwithstanding any other provision of this  
12 division, when a corporation has not issued any memberships, a  
13 majority of the directors, or, if no directors have been named in  
14 the articles or have been elected, the incorporator or a majority of  
15 the incorporators, may sign and verify a certificate of dissolution  
16 stating all of the following:

17 (1) That the certificate of dissolution is being filed within 24  
18 months from the date the articles of incorporation were filed.

19 (2) That the corporation does not have any debts or other  
20 liabilities, except as provided in paragraph (3) and subdivision (d).

21 (3) That the tax liability will be satisfied on a taxes-paid basis  
22 or that a person or corporation or other business entity assumes  
23 the tax liability, if any, of the dissolving corporation and is  
24 responsible for additional corporate taxes, if any, that are assessed  
25 and that become due after the date of the assumption of the tax  
26 liability.

27 (4) That a final franchise tax return, as described by Section  
28 23332 of the Revenue and Taxation Code, has been or will be filed  
29 with the Franchise Tax Board as required under Part 10.2  
30 (commencing with Section 18401) of Division 2 of the Revenue  
31 and Taxation Code.

32 (5) That the corporation was created in error.

33 (6) That the known assets of the corporation remaining after  
34 payment of, or adequately providing for, known debts and liabilities  
35 have been distributed as required by law or that the corporation  
36 acquired no known assets, as the case may be.

37 (7) That a majority of the directors, or, if no directors have been  
38 named in the articles or have been elected, the incorporator or a  
39 majority of the incorporators authorized the dissolution and elected  
40 to dissolve the corporation.

1 (8) That the corporation has not issued any memberships, and  
2 if the corporation has received payments for memberships, those  
3 payments have been returned to those making the payments.

4 (9) That the corporation is dissolved.

5 (b) A certificate of dissolution signed and verified pursuant to  
6 subdivision (a) shall be filed with the Secretary of State. The  
7 Secretary of State shall notify the Franchise Tax Board of the  
8 dissolution.

9 (c) Upon filing a certificate of dissolution pursuant to  
10 subdivision (b), a corporation shall be dissolved and its powers,  
11 rights, and privileges shall cease.

12 (d) Notwithstanding the dissolution of a corporation pursuant  
13 to this section, its liability to creditors, if any, is not discharged.  
14 The liability of the directors of, or other persons related to, the  
15 dissolved corporation is not discharged. The dissolution of a  
16 corporation pursuant to this section shall not diminish or adversely  
17 affect the ability of the Attorney General to enforce liabilities as  
18 otherwise provided by law.

19 SEC. 6. Section 8210 of the Corporations Code is amended to  
20 read:

21 8210. (a) Every corporation shall, within 90 days after the  
22 filing of its original articles and biennially thereafter during the  
23 applicable filing period, file, on a form prescribed by the Secretary  
24 of State, a statement containing: (1) the name of the corporation  
25 and the Secretary of State's file number; (2) the names and  
26 complete business or residence addresses of its chief executive  
27 officer, secretary, and chief financial officer; (3) the street address  
28 of its principal office in this state, if any; (4) the mailing address  
29 of the corporation, if different from the street address of its  
30 principal executive office or if the corporation has no principal  
31 office address in this state; and (5) if the corporation chooses to  
32 receive renewal notices and any other notifications from the  
33 Secretary of State by ~~electronic mail~~ *email* instead of by United  
34 States mail, a valid ~~electronic mail~~ *email* address for the  
35 corporation or for the corporation's designee to receive those  
36 notices.

37 (b) The statement required by subdivision (a) shall also  
38 designate, as the agent of the corporation for the purpose of service  
39 of process, a natural person residing in this state or any domestic  
40 or foreign or foreign business corporation that has complied with

1 Section 1505 and whose capacity to act as an agent has not  
2 terminated. If a natural person is designated, the statement shall  
3 set forth the person's complete business or residence street address.  
4 If a corporate agent is designated, no address for it shall be set  
5 forth.

6 (c) For the purposes of this section, the applicable filing period  
7 for a corporation shall be the calendar month during which its  
8 original articles were filed and the immediately preceding five  
9 calendar months. The Secretary of State shall provide a notice to  
10 each corporation to comply with this section approximately three  
11 months prior to the close of the applicable filing period. The notice  
12 shall state the due date for compliance and shall be sent to the last  
13 address of the corporation according to the records of the Secretary  
14 of State or to the last ~~electronic-mail~~ *email* address according to  
15 the records of the Secretary of State if the corporation has elected  
16 to receive notices from the Secretary of State by ~~electronic-mail~~.  
17 *email*. Neither the failure of the Secretary of State to send the  
18 notice nor the failure of the corporation to receive it is an excuse  
19 for failure to comply with this section.

20 (d) Whenever any of the information required by subdivision  
21 (a) is changed, the corporation may file a current statement  
22 containing all the information required by subdivisions (a) and  
23 (b). In order to change its agent for service of process or the address  
24 of the agent, the corporation must file a current statement  
25 containing all the information required by subdivisions (a) and  
26 (b). Whenever any statement is filed pursuant to this section, it  
27 supersedes any previously filed statement and the statement in the  
28 articles as to the agent for service of process and the address of  
29 the agent.

30 (e) *The Secretary of State may obtain address information from*  
31 *the Franchise Tax Board to use to provide notice to a corporation,*  
32 *pursuant to Section 19548.1 of the Revenue and Taxation Code.*

33 ~~(e)~~

34 (f) The Secretary of State may destroy or otherwise dispose of  
35 any statement filed pursuant to this section after it has been  
36 superseded by the filing of a new statement.

37 ~~(f)~~

38 (g) This section shall not be construed to place any person  
39 dealing with the corporation on notice of, or under any duty to

1 inquire about, the existence or content of a statement filed pursuant  
2 to this section.

3 SEC. 7. Section 8610.5 is added to the Corporations Code, to  
4 read:

5 8610.5. (a) Notwithstanding any other provision of this  
6 division, when a corporation has not issued any memberships, a  
7 majority of the directors, or, if no directors have been named in  
8 the articles or have been elected, the incorporator or a majority of  
9 the incorporators, may sign and verify a certificate of dissolution  
10 stating the following:

11 (1) That the certificate of dissolution is being filed within 24  
12 months from the date the articles of incorporation were filed.

13 (2) That the corporation does not have any debts or other  
14 liabilities, except as provided in paragraph (3) and subdivision (d).

15 (3) That the tax liability will be satisfied on a taxes-paid basis,  
16 or that a person or corporation or other business entity assumes  
17 the tax liability, if any, of the dissolving corporation and is  
18 responsible for additional corporate taxes, if any, that are assessed  
19 and that become due after the date of the assumption of the tax  
20 liability.

21 (4) That a final franchise tax return, as described by Section  
22 23332 of the Revenue and Taxation Code, has been or will be filed  
23 with the Franchise Tax Board as required under Part 10.2  
24 (commencing with Section 18401) of Division 2 of the Revenue  
25 and Taxation Code.

26 (5) That the corporation was created in error.

27 (6) That the known assets of the corporation remaining after  
28 payment of, or adequately providing for, known debts and liabilities  
29 have been distributed as required by law or that the corporation  
30 acquired no known assets, as the case may be.

31 (7) That a majority of the directors, or, if no directors have been  
32 named in the articles or have been elected, the incorporator or a  
33 majority of the incorporators authorized the dissolution and elected  
34 to dissolve the corporation.

35 (8) That the corporation has not issued any memberships, and  
36 if the corporation has received payments for memberships, those  
37 payments have been returned to those making the payments.

38 (9) That the corporation is dissolved.

39 (b) A certificate of dissolution signed and verified pursuant to  
40 subdivision (a) shall be filed with the Secretary of State. The

1 Secretary of State shall notify the Franchise Tax Board of the  
2 dissolution.

3 (c) Upon filing a certificate of dissolution pursuant to  
4 subdivision (b), a corporation shall be dissolved and its powers,  
5 rights, and privileges shall cease.

6 (d) Notwithstanding the administrative dissolution of a  
7 corporation pursuant to this section, its liability to creditors, if any,  
8 is not discharged. The liability of the directors of, or other persons  
9 related to, the administratively dissolved corporation is not  
10 discharged. The dissolution of a corporation pursuant to this section  
11 shall not diminish or adversely affect the ability of the Attorney  
12 General to enforce liabilities as otherwise provided by law.

13 SEC. 8. Section 9680.5 is added to the Corporations Code, to  
14 read:

15 9680.5. (a) Notwithstanding any other provision of this  
16 division, when a corporation has not issued any memberships, a  
17 majority of the directors, or, if no directors have been named in  
18 the articles or been elected, the incorporator or a majority of the  
19 incorporators, may sign and verify a certificate of dissolution  
20 stating the following:

21 (1) That the certificate of dissolution is being filed within 24  
22 months from the date the articles of incorporation were filed.

23 (2) That the corporation does not have any debts or other  
24 liabilities, except as provided in paragraph (3) and subdivision (d).

25 (3) That the tax liability will be satisfied on a taxes-paid basis  
26 or that a person or corporation or other business entity assumes  
27 the tax liability, if any, of the dissolving corporation and is  
28 responsible for additional corporate taxes, if any, that are assessed  
29 and that become due after the date of the assumption of the tax  
30 liability.

31 (4) That a final franchise tax return, as described by Section  
32 23332 of the Revenue and Taxation Code, has been or will be filed  
33 with the Franchise Tax Board as required under Part 10.2  
34 (commencing with Section 18401) of Division 2 of the Revenue  
35 and Taxation Code.

36 (5) That the corporation was created in error.

37 (6) That the known assets of the corporation remaining after  
38 payment of, or adequately providing for, known debts and liabilities  
39 have been distributed as required by law or that the corporation  
40 acquired no known assets, as the case may be.

1 (7) That a majority of the directors, or, if no directors have been  
2 named in the articles or been elected, the incorporator or a majority  
3 of the incorporators authorized the dissolution and elected to  
4 dissolve the corporation.

5 (8) That the corporation has not issued any memberships, and  
6 if the corporation has received payments for memberships, those  
7 payments have been returned to those making the payments.

8 (9) That the corporation is dissolved.

9 (b) A certificate of dissolution signed and verified pursuant to  
10 subdivision (a) shall be filed with the Secretary of State. The  
11 Secretary of State shall notify the Franchise Tax Board of the  
12 dissolution.

13 (c) Upon filing a certificate of dissolution pursuant to  
14 subdivision (b), a corporation shall be dissolved and its powers,  
15 rights, and privileges shall cease.

16 (d) Notwithstanding the dissolution of a nonprofit corporation  
17 pursuant to this section, its liability to creditors, if any, is not  
18 discharged. The liability of the directors of, or other persons related  
19 to, the dissolved corporation is not discharged. The dissolution of  
20 a nonprofit corporation pursuant to this section shall not diminish  
21 or adversely affect the ability of the Attorney General to enforce  
22 liabilities as otherwise provided by law.

23 SEC. 9. Section 19548.1 is added to the Revenue and Taxation  
24 Code, to read:

25 19548.1. (a) The Franchise Tax Board, upon request by the  
26 Secretary of State, pursuant to subdivision (g) of Section 2117,  
27 and subdivision (e) of Sections 6210 and 8210, may disclose  
28 information about addresses and email addresses to the Secretary  
29 of State to use to provide notice to a nonprofit public benefit  
30 corporation, nonprofit mutual benefit corporation, nonprofit  
31 religious corporation, or foreign nonprofit corporation.

32 (b) Information disclosed to the Secretary of State pursuant to  
33 subdivision (a) shall be disseminated by the Secretary of State only  
34 as provided for by, and only for the purposes specified in, Division  
35 2 (commencing with Section 5000) of Title 1 of the Corporations  
36 Code and Chapter 21 (commencing with Section 2100) of Division  
37 1 of Title 1 of the Corporations Code.

38 SEC. 10. Section 23156 is added to the Revenue and Taxation  
39 Code, to read:



1     23156. (a) The Franchise Tax Board shall abate, upon written  
2 request by a qualified nonprofit corporation, unpaid qualified taxes,  
3 interest, and penalties for the taxable years in which the qualified  
4 nonprofit corporation certifies, under penalty of perjury, that it  
5 was not doing business, within the meaning of subdivision (a) of  
6 Section 23101.

7     (b) For purposes of this section:

8     (1) “Qualified nonprofit corporation” means a nonprofit  
9 corporation identified in Section 5059, 5060, or 5061 of the  
10 Corporations Code or a foreign nonprofit corporation, as described  
11 in Chapter 21 (commencing with Section 2100) of Division 1 of  
12 the Corporations Code that has qualified to transact intrastate  
13 business in this state and that satisfies any of the following  
14 conditions:

15     (A) Was operating and previously obtained tax-exempt status  
16 with the Franchise Tax Board, but had its tax-exempt status  
17 revoked under Section 23777.

18     (B) Was operating and previously obtained tax-exempt status  
19 with the Internal Revenue Service, but had its tax-exempt status  
20 revoked under Section 6033(j) of the Internal Revenue Code.

21     (C) Was never doing business, within the meaning of subdivision  
22 (a) of Section 23101, in this state at any time after the time of its  
23 incorporation in this state.

24     (2) “Qualified taxes, interest, and penalties” means tax imposed  
25 under Section 23153 and associated interest and penalties, and any  
26 penalties imposed under Section 19141. “Qualified taxes, interest,  
27 and penalties” does not include tax imposed under Section 23731,  
28 or associated interest or penalties.

29     (c) The qualified corporation must establish that it has ceased  
30 all business operations at the time of filing the request for  
31 abatement under this section.

32     (d) (1) The abatement of unpaid qualified tax, interest, and  
33 penalties is conditioned on the dissolution of the qualified  
34 corporation within 12 months from the date of filing the request  
35 for abatement under this section.

36     (2) If the qualified corporation is not dissolved within 12 months  
37 from the date of filing the request for abatement or restarts business  
38 operations at any time after requesting abatement under this section,  
39 the abatement of qualified tax, interest, and penalties under this  
40 section shall be canceled and the qualified taxes, interest, and

1 penalties subject to that abatement shall be treated as if the  
2 abatement never occurred.

3 (e) The Franchise Tax Board shall prescribe any rules and  
4 regulations that may be necessary or appropriate to implement this  
5 section. Chapter 3.5 (commencing with Section 11340) of Part 1  
6 of Division 3 of Title 2 of the Government Code shall not apply  
7 to any standard, criterion, procedure, determination, rule, notice,  
8 or guideline established or issued by the Franchise Tax Board  
9 pursuant to this section.

10 SEC. 11. No reimbursement is required by this act pursuant  
11 to Section 6 of Article XIII B of the California Constitution because  
12 the only costs that may be incurred by a local agency or school  
13 district will be incurred because this act creates a new crime or  
14 infraction, eliminates a crime or infraction, or changes the penalty  
15 for a crime or infraction, within the meaning of Section 17556 of  
16 the Government Code, or changes the definition of a crime within  
17 the meaning of Section 6 of Article XIII B of the California  
18 Constitution.